



ICAD
INTERNATIONAL
FUND
FOR AGRICULTURAL
DEVELOPMENT

Meeting the Challenge of Hunger and Poverty





...Our country is in a very difficult situation because everything is so expensive.

Only the rich can now eat beans and rice, which used to be the poor man's food, because a pound of beans cost 3.50 lempiras, while we only earn 6.00 lempiras for an 8-hour day's work.

Thanks to the help you gave us last year we have enough maize to last until July, and thousands of families in Intibucá are in the same position.

We do not know what will become of us if people like you stop helping us; our babies sometimes die because of a lack of good food or because of all the diseases that are common here.

We get medical treatment, but the nearest government health centre is 15 kilometres away and we cannot afford the fare to get there.

Our children cannot go to school because exercise books, shoes and clothes are too expensive and the nearest school is 2 kilometres away...

Excerpt of a letter from a Honduran peasant to IFAD

This Honduran peasant is only one of a billion persons facing hunger and poverty.

One out of every three rural persons in the developing world faces the daily grind of hunger. They are small and marginal farmers, herders, fisher folk, nomadic pastoralists, indigenous people and small-scale traders and craftsmen. Many are landless. They all lack the resources, the education, the skills and the capital to escape their fate. The rural poor are found in all parts of the world. Most of them are in Asia, but the highest incidence of poverty as a percentage of the population is in sub-Saharan Africa. And the numbers are increasing. There are 40% more rural poor now than 25 years ago. If the situation is unchecked, there will be 1.5 billion rural poor people by 2010.

But these are people with potential. They represent the majority of the citizens of many developing countries. They can improve their own lives and contribute to national well-being if they have access to the right resources - improved technology, credit, security of land are examples of what is required.

The challenge to overcome hunger and poverty is to assure that the poor have the resources they need to better their own lives.

READER
FICHE

Meeting the Challenge of Hunger and Poverty

IFAD was established following the World Food Conference in 1974 at a time of deep concern about overall food production as well as the worsening levels of hunger and poverty. In consequence, the Fund was given three specific aims,

- **increasing food production,**
- **improving the nutrition levels of the poorest populations**

and

- **mobilizing resources for these objectives.**

Unlike other international financial institutions, which have many broad objectives,

IFAD thus has a specific mandate and a specific target group, the rural poor.

In the years since the World Food Conference, concerns about aggregate food supplies have become less acute.

Food production has continued to rise and international prices of food have remained under control.

But the extent and severity of hunger and poverty have greatly worsened.

Growing hunger in the midst of growing food production shows that the poor lack adequate access to food. The rich rarely go hungry. It is groups such as

- **small and marginal farmers,**
- **the landless**

and

- **poor rural women**
- who either cannot produce enough food or earn enough income to provide for household nutritional needs.

In recognition that eliminating hunger means eliminating poverty, the international community is making the fight against hunger and poverty the central theme of the Development Agenda.

For IFAD, the challenge is to assure that the rural poor gain access to the resources they need to better their own lives.



**IFAD's Vision -
Helping the Poor
to Become the Key
to the Solution**

The Fund starts from the firm belief that the rural poor have substantial potential to increase their own productive capacity, that they have a clear understanding of the problems they face, that they often have a sense of what the solutions could be if the resources are available.

This keen attention to the productive capacity of the poor, rather than their welfare needs, underlines all aspects of IFAD's work.

The poor are seen as clients, as customers, as partners with IFAD in overcoming their poverty.

**The Poor as Clients
and Customers**

Recognizing these realities, IFAD's approach centers on the needs and capacities of its clients - smallholder farmers, the landless, and rural women. Whether it is in the area of credit, technology, extension or investments for irrigation and soil and water conservation, the Fund designs its interventions in consultation with its clients, in order to make the projects directly relevant, and fully accessible, to them.

To expand the capabilities of the poor, their full participation in the design and implementation of projects is critical. With direct involvement, project design becomes more relevant to their needs. Costs of implementation are reduced. Hands-on involvement by the rural poor in implementation creates a sense of ownership of the project which encourages action to maintain and sustain its benefits. Participation equips the rural poor to undertake further initiatives on their own, creating the basis of self-sustaining rural development.

For maximum impact on hunger, IFAD puts the poor at the centerpiece of its efforts. It seeks to devote its funds as carefully as possible to the specific needs of the poor and hungry. Such targeting, by making sure that the poor have fair access to project investments and services, helps to overcome the distortions created by market and government failures. Effective targeting can also help to strengthen grassroots institutions through which the poor can express their needs, obtain productive services and become powerful agents for development and change.

The first step then is to identify, in consultation with the beneficiaries themselves, the obstacles limiting their production and then to find appropriate instruments to eliminate them in a sustainable way.



**The Special Emphases
of IFAD Projects**

A number of special characteristics mark all IFAD efforts, since they are viewed as fundamental to overcoming rural hunger and poverty. Some examples follow:

IFAD gives prominent attention to targeting;

▼
to analyzing who are the poor and what are their needs and then redirecting the energies of public and private institutions to meet those needs;

▼
to identifying what technology the poor require and how that can be provided;

▼
to restructuring or building credit institutions which can provide the kind of credit needed;

▼
to helping the formation or redirection of group organizations which can serve as intermediaries between individual poor farmers and public and private institutions.

Thus, targeting as seen by IFAD is not meant as subsidizing the poor or thwarting market forces. Rather, it recognizes the difficulties faced by the rural poor in taking advantage of those market forces and the importance of assuring their equitable access to what they require.



Targeted credit, using group guarantees to replace collateral requirements and building where possible on traditional informal financial institutions, can sharply reduce transaction costs and offer the poor the means to use purchased inputs to improve their productivity.

The Grameen Bank in Bangladesh, for which IFAD provided support virtually from its outset, is well known for its success in bringing credit to the poorest of the poor.

Research emphasis on technologies suitable to smallholder farmers and extension systems that respond to their conditions is another powerful form of targeting. In a recent IFAD project in Peru, for example, local communities are being helped to identify their production problems, and given the financial means so they can themselves hire the expertise they need. Improving productivity of traditional crops like sorghum and cassava are keys to better crops for many poor farmers.

Category	Percentage
Credit	5.0%
Fertiliser	0.6%
Irrigation	7.1%
Extension	1.4%
Research	3.3%
Training	0.7%
Technical Assistance Grant	3.4%
Technical Assistance Non-Grant	4.8%
Ext./Res./Train./TA	6.2%
Agricultural Inputs	1.0%
Land Improvement	1.4%
Market/Storage	6.2%
Rural Industry	3.4%
Cooperating Institution Support	1.2%
Transport	0.2%
Health/Nutrition	0.1%
Education	1.3%
Settlement	4.9%
Other Infrastructure	1.3%
Management and Administration	2.5%
Monitoring and Evaluation	1.2%
Man./Admin./M&E	1.2%
Development Fund	



Focus on small-scale water conservation and control methods is needed by many poor farmers. In a number of interventions, IFAD promotes participative ways to manage small-scale irrigation systems as well as to build on familiar water conservation methods.

Overcoming the adverse cumulative interaction between poverty and environmental degradation is essential to the long term livelihood of the rural poor.

The Fund recognizes that the poor must deal with environmental issues in a manner which strengthens their current production ability while helping to regenerate the resource base on which their future livelihood depends.

The Fund gives special attention to the needs of different members of the household, and specifically to those of poor rural women. Women suffer the brunt of environmental degradation since they are often responsible for food crops, water fetching and fuel wood collection. Yet enhancing the productivity of rural women is vital for strengthening food security and improving household welfare.

27.1%

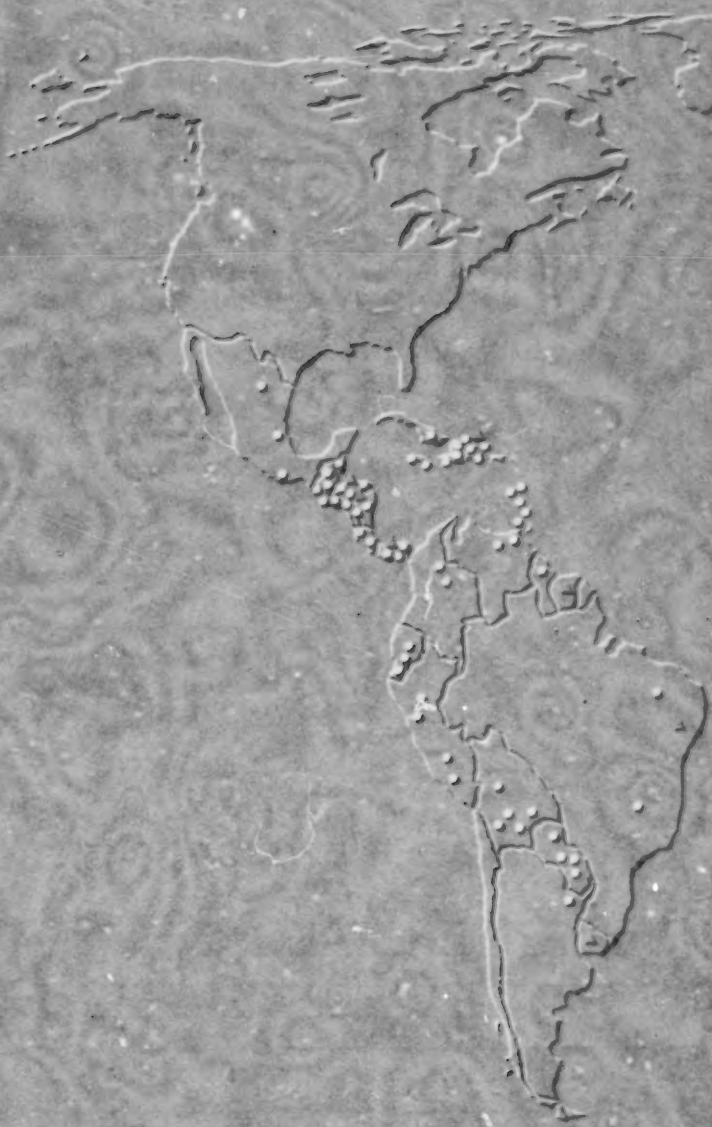
2%

11.5%



**Projects approved
in 1978 - 93**

● Projects approved in 1978 - 92
○ Projects approved during 1993



**Latin America
and the Caribbean**

65
Projects

27
Countries

Argentina
Belize
Bolivia
Brazil
Colombia
Costa Rica
Cuba
Dominica

Dominican
Republic
Ecuador
El Salvador
Grenada
Guatemala
Guyana
Haiti

Honduras
Jamaica
Mexico
Nicaragua
Panama
Paraguay
Peru
Saint Lucia

Saint Vincent
and the
Grenadines
Suriname
Uruguay
Venezuela

Africa

152
Projects

42
Countries

Angola
Botswana
Burkina Faso
Burundi
Cameroon
Cape Verde
Central African
Republic
Chad
Comoros
Congo

Côte d'Ivoire
Equatorial
Guinea
Ethiopia
Gabon
Gambia
Ghana
Guinea
Guinea-Bissau
Kenya
Lesotho
Liberia

Madagascar
Malawi
Mali
Mauritania
Mauritius
Mozambique
Niger
Nigeria
Rwanda
Sao Tome
and Principe
Senegal

Seychelles
Sierra Leone
Swaziland
Tanzania
United Republic of
Togo
Uganda
Zaire
Zambia
Zimbabwe



**Near East
and North Africa**

58
Projects

13
Countries

Albania
Algeria
Djibouti
Egypt

Jordan
Lebanon
Morocco

Somalia
Sudan
Syria
Tunisia

Turkey
Yemen

Asia

95
Projects

18
Countries

Bangladesh
Bhutan
China
India
Indonesia

Iran
Laos
Maldives
Nepal
Pakistan
Papua
New Guinea

Philippines
Sri Lanka
Solomon
Islands

Thailand
Tonga
Vietnam
Western Samoa

**Alleviating Poverty is
Financially Remunerative
and Cost - Effective**

IFAD's projects are not only effective in stimulating the self-help abilities of the poor, they are also economically and financially remunerative, with rates of return of more than 15%, often very much more. Thus, in IFAD's view, poverty alleviation not only addresses the problems of poverty and hunger directly, it also contributes importantly to national growth.

Notwithstanding the fact that IFAD's projects are micro-level and require intensive preparation,

out of every dollar of IFAD resources 84 cents are delivered to the poor. Moreover other external cofinancing, and contributions from the host country, average twice the IFAD share.

Since 1978, for example, IFAD has provided

• **USD 3.9 billion in loans**

to
• **100 developing countries**

to
• **support 370 projects,** the total investment costs of which are some
• **USD 13.5 billion.**

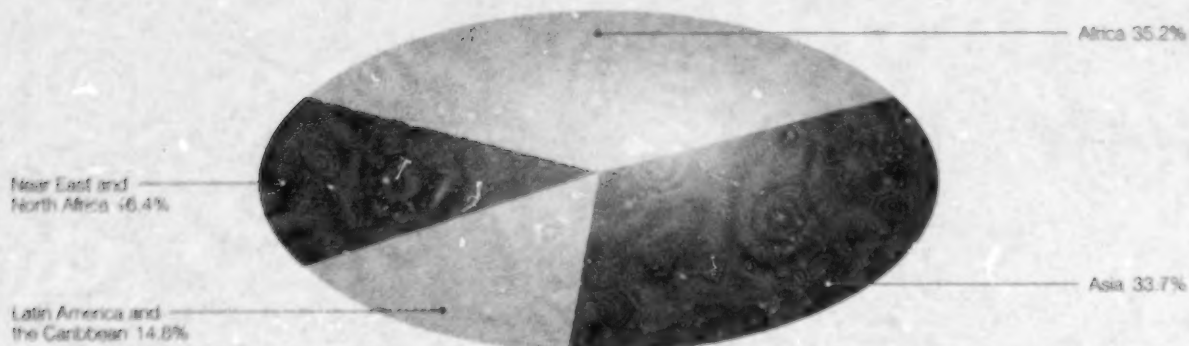
Thus each dollar of IFAD funds has elicited two more dollars in favour of the poor.

Comparing IFAD project development costs with total project investment costs, the ratio of project development costs to assistance delivered is about 1 to 18.

Currently, IFAD Management is seeking to make the project development process in IFAD even more flexible and responsive which will result in further cost reductions. In terms of impact, IFAD's projects, at full development,

will help some
• **30 million poor rural households** out of the trap of hunger and poverty.

IFAD Projects by Region Under the Regular Programme and Special Programme for Africa, 1978 - 1993



	Projects n.	Grants	Recipient countries	USD million
Africa	152		42	1384.8
Asia	95		18	1327.2
Latin America and the Caribbean	65		27	581.5
Near East and North Africa *	58		13	644.9
Total	370		100	3938.4
Technical Assistance Grants		478		190.6
Total IFAD Loan and Grant Operations				4129.0

* One USD 12.8 million project concerning Gaza and Jericho is financed by a grant of USD 3 million and therefore excluded from both the total amount of loans and the number of recipient countries.



**Overcoming Hunger Deserves
More Resources**

Through this rich experience IFAD has developed many insights on how hunger and poverty can be addressed in a sustainable way, by helping the poor to help themselves.

But the scale of what IFAD can do alone remains small. What is needed is a multifold expansion of the effort to make it commensurate with the dimensions of global hunger and poverty.

For this the replenishment of IFAD's own resources needs to be placed on a more solid basis, so that replenishments are completed in a timely way with more adequate levels.

The Fund's Member States are currently exploring ways to bring this about.

Beyond its own resources, IFAD plays a key catalytic role by collaborating with other financial institutions, UN agencies, NGOs as well as bilateral donors to mobilize greater support for the hungry.

**Many International
Institutions - Each with
Unique Strengths**

IFAD is not the only financial institution concerned with hunger and poverty, although it is the only one to have an exclusive mandate in this field. Virtually all development and financial institutions have now turned to the fight against hunger and poverty. But not all institutions are the same. Each has different experiences and competitive advantages.

Large international financial institutions, like the World Bank and the regional Development Banks, are strongest in macro-policy adjustment, in large-scale sectoral and in infrastructure investments.

IFAD shares the view that effective macro and sectoral policies and adequate infrastructure contribute importantly to overcoming poverty.

But that does not mean that experience in the macro area is readily translatable into effective micro-level poverty and hunger eradication projects. Nor are the procedures for such large-scale projects necessarily the most appropriate ones for targeted interventions in marginal areas with large numbers of scattered poor beneficiaries.

The comparative advantage of these financial institutions is thus different, but complementary, to that of IFAD.

What is required is a real partnership to combat hunger and poverty, in which different institutions focus on their areas of authority and competence and collaborate with others in a joint effort.



An International Partnership Against Hunger and Poverty

IFAD remains the single financial institution whose sole role is to eliminate rural poverty. It gained substantial experience at a time when other institutions had diverse mandates and gave particular attention to issues of structural adjustment and macro-economic policies. Now, as the larger financial institutions turn their attention back to project activities, they are finding it useful to team up with IFAD in developing comprehensive development actions which include specific consideration of the problems of the poor.

In Armenia, the World Bank is planning a major irrigation programme and has invited IFAD to participate in the downstream elements in light of the Fund's strong experience in working with poor farmers in planning and implementing such schemes.

In Yemen, a World Bank fishing sector programme has been supplemented by IFAD cofinancing which supports the activities of the poorest fishing villages.

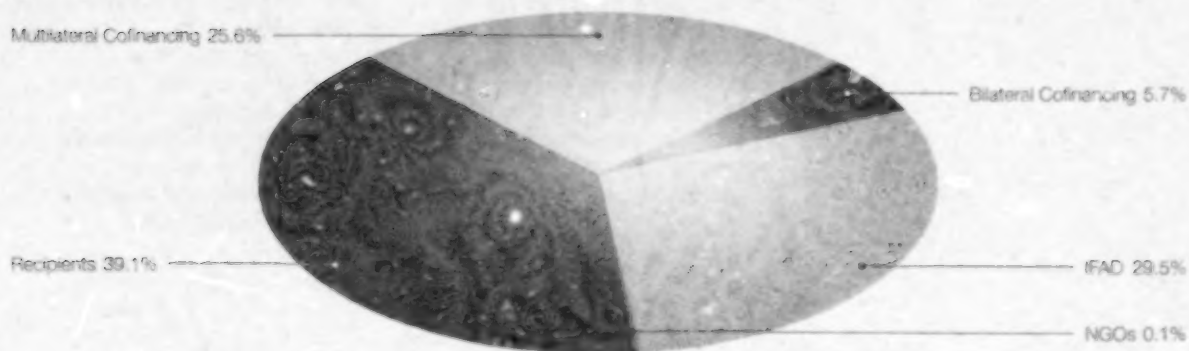
IFAD is deeply committed to this kind of collaboration based on the very nature of its operations.

The Fund is itself a partnership between developed and developing countries, joined together in a shared commitment to bring about a World without Hunger. As a result, developing countries play a particularly important role in the governance of IFAD, more so than in any other global financial institution.

The Fund already works with many Cooperating Institutions, including the World Bank, regional development banks, other regional financial agencies and United Nations agencies. Many of these institutions cofinance IFAD projects, as do bilateral donors. Projects initiated by IFAD have attracted:

- **USD 4.2 billion** in cofinancing, representing 31% of the total costs of these projects. In turn IFAD cofinances projects in the pipeline of other institutions.

**Cofinancing of Total Projects Costs,
Regular Programme and Special Programme for Africa, 1978 - 1993**



It is also natural for the Fund to work closely with **NGOs** which share this concern. Thus, most recent IFAD projects have an explicit NGO involvement. In one recent project in Salvador for example, NGOs are the main executing agencies for the project. Elsewhere, IFAD has helped to develop and finance investment projects on the basis of successful local level innovations started by NGOs.

IFAD looks forward to building on this solid tradition of cooperation with other **multilateral institutions** in order to generate a response to hunger more commensurate with the dimensions of the problem. IFAD for example can only finance one project every two years even in countries where large numbers suffer chronic hunger. It would be relatively easy through collaboration to replicate IFAD undertakings with two projects a year instead of one every other year.

IFAD can complement investments financed by the large financial institutions by linking infrastructure investments with initiatives to reach the poor and hungry at village level. Such linkages enhance the impact of sectoral and infrastructure investments to help the poor enter the mainstream of the economy.

Yet another form of collaboration could be a type of sub-contracting between major multilateral financial institutions and agencies such as IFAD which have special experience and competence in participatory poverty alleviation.

IFAD also cooperates with UN Agency partners in the Joint Consultative Group on Policy (JCGP),
 • **the UNDP, UNICEF, UNFPA** and
 • **The World Food Programme**, with the aim of ensuring that increasing the productive capacity of the poor on the one hand, and improving their access to social services on the other, reinforce each other.

Cofinancing of IFAD - Initiated Projects by Multilateral Donors Under the Regular Programme and Special Programme for Africa, 1978 - 1993



Acronyms and Abbreviations

IBRD International Bank for Reconstruction and Development
 AfDB African Development Bank
 AsDB Asian Development Bank
 IDA International Development Association

Opec Fund Organization of the Petroleum Exporting Countries Fund
 IsDB Islamic Development Bank
 UNDP United Nations Development Programme

IDB Inter-American Development Bank
 AFESD Arab Fund for Economic and Social Development
 WFP World Food Programme
 EU European Union



Closing Word

IFAD was set up as a reaffirmation of the global commitment to bring about a world without hunger.

The Fund's extensive operations over the last 16 years have sharpened its understanding of the factors responsible for hunger and poverty, and how best to work with the millions whose lives are blighted.

These millions are IFAD's clients - small marginal farmers, the landless and rural women.

Helping these chronically deprived groups to develop their full potential and enjoy more fruitful and secure lives is the aim to which the Fund is dedicated.

IFAD has certain unique characteristics which permit it to play a key role in the effort to eliminate hunger and poverty:

It is small, slightly more than 100 professional staff members, and has a single minded dedication to helping the rural poor.

Its insistence on participation by the poor provides a whole new approach to overcoming the problems they face.

Finding new ways of targeting resources within the framework of economic change and adjustment assures the poor they have access to the resources they need.

Working simultaneously to overcome poverty and to reduce environmental degradation provides promise not only for this generation but also for the next.

Overcoming hunger is not an impossible task.

But whether it will be accomplished in 20 years, 30 years or a century, depends on the commitment and collaboration of the donor countries and recipient countries on the one hand, and the international agencies on the other. IFAD for its part looks forward to being a part of this endeavour, and in its modest way, giving a positive thrust to it.



Some Facts

About IFAD

December 1993

The International Fund for Agricultural Development (IFAD) was established in 1977, following a decision by the 1974 World Food Conference, as a UN Specialized Agency with a single mandate, unique among international financial institutions: **to combat hunger and rural poverty** in the low-income food deficit regions of the world.

IFAD's objective and reason d'être are to fund rural development projects specifically aimed at assisting the poorest of the world's people: **small farmers, landless poor, artisanal fishermen, nomadic herdsman and poor rural women** to increase their food production, raise their incomes, improve their health, nutrition and education standards and realize their well being on a sustainable basis. Funding operations began in January 1978.

MEMBERS AND GOVERNING BODIES

IFAD has 150 member countries divided into three categories: Category I consisting of 22 developed nations (OECD members), Category II comprising 12 petroleum-exporting states (OPEC members) and Category III including 116 developing countries. The three categories enjoy equal voting powers (600 votes each) in the Fund's governing bodies:

GOVERNING COUNCIL

Each member state is represented in the Governing Council by a Governor and an Alternate. The Governing Council is the Fund's highest authority in which all powers are vested. It may, however, delegate certain powers to the Executive Board. Sessions are held annually, with special sessions as required, under the chairmanship of an elected chairman for a two-year term. The Governing Council elects the President of the Fund by a two-third majority for a four-year term. The President is also Chairman of the Executive Board.

PRESIDENT AND CHAIRMAN OF EXECUTIVE BOARD

Fawzi Hamad Al-Sultan (Kuwait)

Mr. Al-Sultan was elected as executive head of the institution during the 16th session of the Governing Council held in January 1993. He succeeded Mr. Idriss Jazairy (Algeria) who presided over the Fund for two terms in office (eight years) between January 1985 and January 1993. IFAD's first President, Mr. Abdelmuhsen Al-Sudeary (Saudi Arabia) also led the Fund from its establishment until the end of 1984.

EXECUTIVE BOARD

Consists of 18 members and 17 alternate members, elected by the Governing Council, one third by each category of membership (Category I has five alternate members). Members serve for three years. The Executive Board is responsible for the conduct and general operation of IFAD and approves loans and grants for projects; it holds three regular sessions a year. The Fund's unique structure allows for the developing countries (Categories II and III) to hold together two-thirds of the votes and therefore have a major influence on the investment strategies of the Fund; while permitting the main donors (Categories I and II) to maintain close control on the use of resources in order to ensure cost effectiveness and higher output of IFAD's operations. IFAD has become a symbol of North-South Cooperation and South-South solidarity.

ADMINISTRATIVE STRUCTURE AND STAFFING

IFAD has three main administrative departments: the Project Management Department (with four regional Divisions for Asia, sub-Saharan Africa, Latin America and the Caribbean, and Near East and North Africa; as well as a Technical Advisory Division and a Loan Implementation Unit); the Economic Planning Department (with Divisions for Monitoring and Evaluation, and Policy and Planning); the General Affairs Department (including Office of the Secretary, Information and Communications, External Relations Division, and an Administrative Services Unit).



The Financial Services Division, Personnel Division and Management Information Systems Unit report directly to the office of the Vice President; while the Legal Counsel and Internal Auditor report directly to the President. In September 1993 IFAD had 259 regular staff including 105 in the Professional category and above from 50 member states.

FINANCIAL RESOURCES

Contributions to IFAD's Regular Resources

Categories I and II member states are the principal donors; although substantial contributions (both in local currencies and foreign exchange) have been made on voluntary basis by Category III members particularly towards the Third Replenishment of IFAD's resources. Pledges by the three categories amounted to:

Initial Resources (effective 30/11/77)

Total	USD 1,021 billion
• Category I	USD 567 million
• Category II	USD 435 million
• Category III	USD 19 million

First Replenishment (effective 18/6/82)

Total	USD 1,102 billion
• Category I	USD 620 million
• Category II	USD 450 million
• Category III	USD 32 million

Second Replenishment (effective 27/11/86)

Total	USD 488 million
• Category I	USD 276 million
• Category II	USD 184 million
• Category III	USD 28 million

Third Replenishment (effective 24/12/90)

Total	USD 567 million
• Category I	USD 378 million
• Category II	USD 124 million
• Category III	USD 65 million

CONTRIBUTIONS TO IFAD'S SPECIAL RESOURCES FOR AFRICA

In the wake of the disastrous waves of drought and famine of 1983-85 in sub-Saharan Africa, IFAD launched its **Special Programme for Sub-Saharan African Countries Affected by Drought and Desertification (SPA)** in January 1986.

The resources contributed to the first phase of SPA exceeded the programme's original target of USD 300 million while further contributions of a similar amount to the second phase are being sought. Contributions were pledged on voluntary basis to both Phase I (1986-92) and Phase II (as of 31 May 93) of the programme by the following donors:

First Phase (effective 24 January 86)

Total USD 322.8 million

pledged by:

Austria, Belgium, Denmark, Djibouti, EEC, Finland, France, Germany, Greece, Guinea, Ireland, Italy, Japan, Luxembourg, Mauritania, The Netherlands, New Zealand, Niger, Norway, Spain, Sweden, Switzerland, UK, USA, Zaïre.

Second Phase (effective 23 January 93)

Total USD 95 million

pledged by:

Belgium, France, Greece, Italy, Kuwait, The Netherlands, Nigeria, Sweden, USA.

IFAD'S OPERATIONS

The Fund's main concern is to mobilize and provide financial resources on concessional terms for the promotion of the economic advancement of poor rural communities in the developing countries primarily through projects designed to improve food production systems and to strengthen related policies, services and institutions. IFAD is empowered, under its Agreement of Establishment, to make both grants and loans.

Grants are limited to 5% of the resources committed in any financial year by a decision of the executive board. IFAD provides technical assistance grants for five kinds of activities: agricultural and scientific research, project preparation, training, workshops and special studies and other activities eligible for support under the Technical Assistance Special Facility (TASF) such as NGOs, field testing methodologies for monitoring and evaluation, strengthening national capacities for project implementation, etc.

Loans are provided in support of development activities in nine major areas: agricultural development, rural development, credit, irrigation, livestock, fisheries, settlement (of displaced persons), storage/food processing/marketing and research/extension/training.

There are three kinds of loans:

- **highly concessional** loans, which carry no interest but have an annual service charge of 1% and a maturity period of 50 years, including a grace period of 10 years;
- **intermediate term** loans, which have an annual interest rate of 4% and a maturity period of 20 years, including a grace period of five years; and
- **ordinary term** loans, which have an interest rate of 8% and a maturity period of 15-18 years, including a grace period of three years.

GRANTS AND LOANS APPROVED

There are 477 Research and Technical Assistance Grants of USD 187.64 million* that were extended between 1978 and 1993 under both regular and special programmes. About one third of these grants (131) worth USD 99.92 million) were in support of agricultural research programmes while the most supported environmental studies, project preparations, NGO programmes, training and Special Operations Facilities. Fifty four of the above grants amounting to USD 12.44 million were approved in 1993.*

Between 1978 and 1993 the Fund committed USD 3938.4 million* in loans approved by the Executive Board under the Regular and the Special Programmes combined for 369 projects in 100 developing countries. The total costs of these projects stand at approx. USD 13.5 billion including substantial contributions by external co-financiers (USD 4240.2 million) and governments of recipient countries (USD 5.3 billion).

Thirty two* of the above projects supported by IFAD loans of USD 366.5 million were approved during 1993. IFAD's field investments in 1993 represented an increase of 12.3% compared to investments in 1992 reaching the total amount of USD 380.5 million, the highest in one single year since 1983. IFAD is seeking to move up closer to its historical share of 3% (1978-1982) of the total global external resource flow to agriculture which sustained a backdrop in the following years due to the prevailing world economic circumstances and difficulties in resource mobilization.



THE PROJECTS

Regional Distribution

While seeking to preserve an appropriate balance in its regional allocations, the Fund has also attempted to respond to the special needs of the 74 low-income, food deficit countries. Well over 80% of the Fund's loans were channeled to these countries in the 1978-93 period. The regional shares of IFAD supported projects approved between 1978 and 1993 under both Regular and Special programmes stand as follows:

Africa (sub-Saharan)

152 projects in 42 countries (41.2%)

Asia and the Pacific

95 projects in 18 countries (25.7%)

Latin America and the Caribbean

65 projects in 27 countries (17.6%)

Near East and North Africa

* 58 projects in 13 countries (15.5%)

In terms of financial resources flow to projects, under both **Regular and Special Programmes**, during the 1978-93 period the regional distribution amounted to:

Africa (sub-Sahara)

USD 1384.8 million (35.2%)

Asia and the Pacific

USD 1327.2 million (33.7%)

Latin America and the Caribbean

USD 581.5 million (14.8%)

Near East and North Africa

USD 644.9 million (16.4%) *

* These figures do not include IFAD's grant of USD 3 million approved in December 1993 in support of a Relief and Development Programme worth USD 12.5 million in the Gaza Strip and Jericho.

SPECIAL PROGRAMME FOR SUB-SAHARAN AFRICA (SPA)

The crisis situation in Africa prompted IFAD to devise the SPA as a mechanism whereby additional resources can be channeled to the target population in the region to supplement emergency operations with activities oriented towards sustainable rehabilitation of food production sectors. The first phase of the programme (SPA I) had two objectives. The first was to help restore the productive capacity of small holders including rehabilitation and expansion of services and infrastructure. The mechanism for pursuing this objective was to be quick dispersing programme-loan type operations. The second objective involved long term improvements, i.e. helping to build greater resilience to drought and environmental stress, at farm level and off-farm. This involved a combination of activities including:

- better utilization of water resources (small scale water control schemes);
- improved water conservation (e.g. improved retention in soil);
- soil conservation and agroforestry;
- promotion of traditional drought resistant crops; and
- the provision of assistance to governments in improving the policy and institutional framework affecting small holder farmers

The later emergence of new schemes for rapid balance-of-payments relief to countries in sub-Saharan Africa (e.g. the World Bank's SPA and IMF's Extended Structural Adjustment Facility) enabled IFAD's SPA to concentrate on the second set of objectives.

The second phase of the programme (SPA II) which became effective in January 1993, preserves the focus of the first phase, while extending its conceptual frame and operational scope. Specifically it carries environmental and soil conservation objectives from on-farm to off-farm (particularly in the common property resource domain); and addresses overall coping strategies of households and communities through economic diversification. The list of countries eligible for assistance grew from 22 under SPA I to 27 under SPA II, including Benin, Burundi, Central African Republic, Comoros, Equatorial Guinea, Madagascar, Malawi, Rwanda, and Sierra Leone.

By the end of 1992 IFAD had fully exhausted all resources of SPA I in supporting 32 projects in 22 sub-Saharan African countries. The Fund committed USD 281.6 million in 33 highly concessional loans to finance these projects. In addition 59 grants of USD 19.2 million were extended. When the commitments of co-financiers and beneficiary countries are included the total value of the projects reaches approximately USD 566 million. Those include USD 123 million mobilized by IFAD from 15 multilateral and bilateral donors and Non-Governmental Organizations.

In 1993 IFAD pursued a substantial programme of work for SPA II involving seven new projects with loan commitments of about USD 70.8 million (including USD 10.5 million supplementary loans from the regular programme's resources) and 13 technical assistance grants of about USD 2.68 million. The projected level of commitments in 1994-95 combined is USD 122 million.

BENEFICIARIES AND BENEFITS

According to an IFAD study, the addition to agricultural production resulting from 292 projects approved between 1978 and 1990 is estimated at around 42 million tons in wheat equivalent. This amount represented over 30% of the cereal deficit of all developing countries in 1990. It is also estimated that 30 million for rural families have benefited or will benefit from their participation in the IFAD-supported projects. Indeed such participation by the beneficiaries in all stages of the project cycle from the design stage until after completion through implementation and evaluation is the key element in securing the projects' success and continuity long after the closure of IFAD's loans.



SOME PROJECTS HIGHLIGHTS

Agricultural Development:

In **North China**, a project in Hebei Province begun in 1982 has reclaimed over 9,000 ha of saline land, brought another 9,000 ha under irrigation and converted 5,000 ha of wasteland into forests and orchards. Small farmers in 238 villages have benefited from doubled yields of sorghum, maize, millet and wheat which have more than doubled family incomes. In **Yemen**, the IFAD-initiated Wadi Beihan Agricultural Development Project has almost tripled cereal, vegetable and citrus production in the area. In 1988, the project area produced 40% of the country's total onion production.

Rural Development:

In the Byumba Rural Development Project of **Rwanda**, yields of potatoes, wheat, maize, beans, peas and sorghum have increased by as much as 50% while the incomes of poor farmers in the high-altitude areas have risen on average by 85%. The introduction of soil-binding vegetation, water run-off control measures and terracing have contributed to halting land slides, loss of topsoil and improvement of fertility. Rehabilitation of infrastructure including rural roads have had an important impact on increasing the producers' activities to reach and increase the local and national markets for their products, thus improving their incomes. The Integrated Rural Development Project in **Dominica** is settling 1940 low-income households - most of them landless or near-landless - on the former Geneva and Castle Bruce Estates. About 28% of the settlers are women heads of households. In addition, 600 project participants living outside the estates - including artisanal fishermen,

small agro-processors and small farmers - are benefiting from credit facilities. Credit and marketing advice provided by the project helped the beneficiaries undertake a number of small income-generating activities including artisanal handicrafts which resulted in considerable improvement in household incomes and standards of living. A decrease of interest rates in credit extension, as a practical way of improving the benefits of poor rural women, resulted in higher participation of women (60% of recipients).

Credit:

In projects in Nepal, Pakistan, Bangladesh and India the provision of small loans under group lending schemes has been successful in helping the landless to start off-farm income-generating enterprises. Among these, the Grameen Bank Project in Bangladesh has provided loans to over 1.4 million landless people, 92% of whom are women. Its coverage is now being extended to the whole country. The Production Credit for Rural Women in Nepal and the Tamil Nadu Women's Development Project in India are designed exclusively for women. In El Salvador, the second phase of the Agricultural Credit Project, through a combination of loans, technical assistance and support services, has helped 22,400 small farmers improve their grain yields which are now above the national average.

Livestock Development:

Nomadic pastoralists in The Sudan have been assisted by the Stock Route Programme which seeks to ensure the continual flow of marketable livestock along the two major stock routes, Nayla to Omdurman and El Obeid to Khartoum. To date, over 40 "water yards" have been constructed by herders' associations over more than 1,000 kilometers. Forty-nine of the water yards are selling water to enable producers to maintain adequate levels of maintenance which improved due to the employment of regional maintenance staff. The sale of water increased by 70% in 1991, reflecting a substantial increase in livestock and incomes of herders and cattle rearing tribes. Privatization of water yards is expected to be completed by the end of 1993, thereby contributing to further increase in benefits for the users.

Irrigation:

The Sidi Bouzid Irrigation project in Tunisia has contributed to increasing agricultural production, farm incomes and employment opportunities. About 30% of agricultural produce sold in the capital of Tunis now comes from the Sidi Bouzid Area. About 6,800 low-income farming families (36,000 people) benefited from various activities supported by the project. In 1989, private wells on 11,300 ha of land were improved through the provision of credit, technical facilities and equipment for ground water monitoring. The introduction of fruit and nut trees contributed to the reduction of environmental degradation and the improvement of household incomes. A sustainable water resources policy has been developed with the participation of the beneficiaries and their grass roots organizations (i.e. farmers' cooperatives and local NGOs).

Fisheries:

The Artisanal Fisheries Development Project in Djibouti has led to a large increase in the production of fish through the encouragement of subsistence fishing by nomadic people, streamlining management and operations of the fisheries cooperatives and promotion of women's involvement in fish marketing and processing. An increase in fish production has led to a series of problems related to pricing and marketing. The project's closing date was extended to the end of 1993 to allow it to ensure long term sustainability and continuity of benefits to the beneficiaries who were thus able to make significant increases in incomes and improve living conditions.



Overcoming

Global Hunger

What Works Best

to End Hunger

by
Fawzi H. Al - Sultan
President of IFAD

Today, over one billion human beings are absolutely poor, most of whom live in rural areas, and three-fifths of whom are women. These groups live with hunger as a constant companion, with the threat of famines looming whenever drought or other adverse events occur. Hunger is not the only international problem. But in human terms it is perhaps the largest - and one that represents a sharp challenge to hopes for a new period of economic expansion and democratic transformation.

Rich people do not go hungry. The problem of hunger is basically a problem of the inability of a very large number of poor people - mostly in developing countries - to command access to sufficient food. The question is, how do we improve that access and make it more secure?

For some the challenge is to increase the overall supply of food. For others it is general economic expansion. But these sorts of macro-developments are difficult to engineer. While the general expansion of employment and increased global food supplies are good objectives, they are blunt - and slow - instruments for addressing the specific problem of hunger.

For seldom do resources intended for general agricultural or rural development reach the poor and the hungry. The impact on hunger of broad-brush support for agricultural development has often been disappointing as the poor and hungry remain with little access to land, credit, training or technology. There are also risks of adverse effects on the poor during transitional periods of adjustment programmes. We must make sure that the poor do not fall through the cracks in the matrix of reform.

To combat hunger therefore, we have to be more direct in our approach. But trying to deal with hunger as a matter of welfare is simply not financially feasible for most developing countries. In fact, 15 years of IFAD's operational experience in 100 developing countries suggests that the only sustainable response to hunger as a mass phenomenon is to enable smallholder farmers, the landless and poor rural women to improve their own productive and income-generating capacities.

Empowering the poor with the resources necessary to pull themselves out of hunger would not only make a direct impact on hunger. It would also contribute to national growth by increasing the supply of food and other crops and widening the market for manufactures. But resources are scarce and to make the maximum impact on hunger we have to make sure that our support has an explicit beneficiary orientation and is as carefully targeted as possible to the hungry, minimizing leakages to other groups.

IFAD's work in drought-stricken areas shows that the impact of natural disasters can be significantly reduced by the development of more resilient production systems. Moreover, actions taken during the course of emergency operations can become the seeds of resumed and sustainable development in the future. Working with the World Food Programme for example, we have found that food aid, provided through targeted food-for-work schemes, can be made into a development resource, supplying immediate needs and strengthening future production capacities.

There are, however, still some misunderstandings about the idea of targeting. Some economic purists believe that targeting represents a misallocation of resources into areas which would not be served under "free market" conditions - because of lower returns. But the reality is that in many of the rural areas in which the hungry live, and IFAD operates, markets are weak and monopolistic, and sometimes virtually non-existent. In these circumstances **untargeted resources do not necessarily flow to the highest return areas - they tend to flow to the most socially powerful.** Apart from market failures, there are also significant government failures, including weak government institutions which fail to reach the poor and tend to respond to the priorities of the socially powerful.



A clear orientation towards poor beneficiaries and effective targeting can foster participatory grass-roots institutions through which the poor can express their needs and obtain productive services. Rather than creating distortions, targeting can thus help to overcome institutional failures, both in markets and in governments, in their capacity to reach the poor.

BETTER TARGETING FOR A HIGHER LEVEL OF PARTICIPATION

The type of targeting I have in mind involves identifying the specific obstacles faced by the hungry in raising their income and food production, seeking to eliminate these constraints in a sustainable way. Naturally this necessitates better identification of who is hungry and at risk. We also require a better understanding of the underlying causes of why people are hungry. This sort of understanding of the who and why of hunger leads to a positive type of targeting. One example is credit. **Targeted credit using group guarantees to replace collateral requirements, and building where possible on traditional informal financial institutions, can sharply reduce transaction costs and offer the poor the means to use purchased inputs to improve their productivity.** In IFAD projects we have found that the repayment rates of the poor, especially women, are extremely high, **the poor are bankable.**

Research emphasis on technologies suitable to smallholder farmers and evolving extension systems that respond to their needs is another powerful form of targeting. Yet another is a focus on small-scale water conservation and control methods and on crops and animals raised by poor farmers. Other forms of targeting are also important. Apart from food-for-work, employment guarantee schemes and strengthening health, educational and nutritional services in poorer regions have proved effective. In our view targeting means focusing upon issues which are of special and unique concern to the poor, requiring both resources and a willingness to give these issues the necessary priority.

Targeting has to be complemented with eliciting the full participation of the intended beneficiaries, offering the hungry the means to choose, and to benefit, from the productive services and institutions they need to change their situation. **The involvement of the beneficiaries in project design and implementation often lowers costs of implementation and enhances the sustainability of the project.** In an IFAD-supported project in Niger, for example, the involvement and contributions of the beneficiaries to development work has lowered the cost of irrigated land in the project to less than USD 1,800 per hectare, one of the lowest in the country. According to a recent case study on the project, access to small scale irrigation allows the villagers to produce a highly profitable green pepper crop, with significant and lasting increases in their incomes. In another case study on an IFAD supported project in Indonesia, the target group has been offered the means for self-reliant development through a group-based credit scheme which has given them access to bank financing. As a result the beneficiaries have increased their incomes by as much as 50 percent in three years. Moreover, an institutional structure for poverty alleviation has been forged which is both cost-effective and sustainable, as well as being capable of country-wide replication.

PULLING THE STRINGS AROUND POVERTY

There is now, I believe, enough experience of effective micro-level interventions and macro policy adjustment programmes to provide the basis for a coherent approach to the challenge of hunger. It is evident that well-conceived macro-economic and sectoral policies are of critical importance for underpinning the process of development. We are certainly not saying that they should be abandoned. In fact, experience shows that targeted hunger projects have the most sustainable results when developed in a supporting macro- and sectoral framework. To overcome hunger **what we have to ensure is that the function of targeting the poor is performed, that it is adequately funded, and that it is supported by the right policies and programmes at the sectoral and macro-levels.** This does not mean however that all development institutions should be doing the same thing. Each one has a different experience as well as different comparative advantages at various levels.



Take the example of macro-economic policy formulation. While many institutions have sought to claim expertise in macro-economic policy formulation, it is the Bretton Woods institutions that have the operational experience and practical responsibility on these issues. But what is true of macro-economic programmes is also true of targeted hunger eradication projects. **Experience and responsibility in targeting resources to the poor and hungry do make a difference, and this should be recognized - and built upon - as we organize our campaign against hunger.** Moreover, if comparative advantage and experience should better govern the division of labour among multilateral institutions, it should also affect the way we deal with NGOs. NGOs have a unique capability at the local level of leading innovation. They are the pathfinders, seeking out means of peoples' participation and testing options without huge investments.

The Grameen Bank of Professor Yunus in Bangladesh for instance, is an outstanding example of a local initiative that later could be up-scaled into a large, national level endeavour. We in IFAD are proud that we were among the first to give recognition and outside support to what Professor Yunus is seeking to do.

HIGHER EFFICIENCY AT A LOWER COST

The general need for more focus on the hungry and greater cooperation has often been verbally acknowledged. I would like to make a more concrete gesture of intent on the part of IFAD. **I am therefore committing IFAD to shifting resources towards the most direct possible delivery to the poor and hungry. To that end, I am working for IFAD to reduce its own costs in the project development cycle by over 20 per cent in 1994 - for the same level of financial commitment to projects and programmes for the hungry and poor.** We are also seeking stronger collaboration with other development and financial institutions. Over the last decade, the trend in IFAD has been towards a higher and higher percentage of IFAD initiated projects. This may have been justified in a certain period by the preoccupation of major international financial institutions with macro-economic rather than poverty issues. But it is no longer justified. **I have instructed my staff to significantly raise the level of collaboration with other multi- and bi-lateral development finance institutions in the coming year - through every means we can devise.**

A proper attack on hunger requires a real partnership to deal with the obstacles faced by the hungry - principally as producers, for the poor are very rarely simply "poor", they are poor farmers, poor fishermen, poor herders. And it involves changing our own style. It means reducing the drive by all institutions to seek to address everything, while simultaneously making exaggerated claims to policy uniqueness. It also means moving towards more practical collaboration really drawing on the strength of each institution.

It would not be very useful to talk about targeting and collaboration without referring to the role of the single most important global development institution, the World Bank. The commitment of the Bank to resolving the question of hunger will be decisive, and its sponsorship of a Conference of actions to reduce hunger worldwide in November 1993 is a clear reflection of this commitment. The Poverty Assessments the Bank is undertaking in a number of countries to identify the causes of poverty are a further indication of that commitment. IFAD express its support to these Assessments with the hope that they can be made a more collaborative exercise from which all institutions could benefit.

We also have to reflect upon what sort of commitment on hunger will make the crucial difference. First, **what we should aim for is not to the reduction of hunger, but its elimination.** This offers a clear target to aim for, a yardstick to measure progress over the coming years. Second, and again reflecting the need for visible and quantifiable commitments, the World Bank and other multilateral financial institutions should consider earmarking specific and adequate resources for targeted attacks on hunger, funds large enough materially to reflect the magnitude of the problem. These funds should be available



for supporting projects and programmes of institutions which have demonstrated ability in the area of targeted and sustainable interventions against hunger. Such institutions could include IFAD and other development agencies specialized in this area, as well as national level institutions and non-governmental/private voluntary organizations.

Naturally, legitimate universality of concerns does not necessarily imply equal experience in all areas of concern. Experience at the macro-level is not easily and immediately translatable into expertise in local-level, targeted operations. This is why **collaboration must emphasize and draw upon the unique capacities of each and every cooperating institution**, and must ensure that the materials are available to make the most of them.

There are at least three different forms in which this collaboration could be developed. **At present, the volume of resources devoted to overcoming hunger is simply too meagre compared to the scale of the problem and the number of the hungry.** IFAD, for example, can only finance one project every two or three years even in countries where large numbers suffer chronic hunger. It would be relatively easy and cost-effective to replicate these projects elsewhere in these countries and have two projects a year there instead of one every second year. We all need, together, to use our influence in assuring that increased levels of resources are devoted to eliminating hunger.

A second form could involve complementing the sectoral and large-scale infrastructure investments, financed by the World Bank and other multilateral financial institutions, through having other institutions, like my own, undertake components and activities that link these infrastructure investments to initiatives to reach the poor and hungry at the village and grass roots levels. We and the Bank are looking right now at exactly this kind of collaboration in Armenia. Such a collaborative linkage would give World Bank sectoral investments a greater beneficiary orientation and thus enhance their impact on eliminating hunger.

A third form could involve a sort of sub-contracting by the World Bank to institutions which have special experience with participatory poverty alleviation efforts. Interventions in marginal areas with large numbers of poor scattered beneficiaries need a more simple, flexible and responsive project cycle to deal with the informal associations and organizations of the poor, NGOs and other grass-roots institutions. Approaches which are appropriate for large-scale infrastructure projects may not be cost-effective in these areas and this could provide a strong logic for a sub-contracting type of collaboration.

People are expecting a new and specific focus upon the elimination of hunger as a legitimate and separate objective. Sufficient funds should be explicitly and separately allocated for this purpose and must be used by those who can use them best for it: "universal" multilaterals, specialized international agencies, NGOs, and national level institutions - all of these acting in a mutually supportive fashion.

It is now within our power to satisfy these expectations and make real inroads into hunger, soon. What is needed is willingness to invest in hunger eradication and to target the hungry - not to the exclusion of everything else, but as part, and an important part, of our regular activities with quantifiable targets, and quantifiable and separate means. **Our commitment is to launch a process of concrete programmes and collaborative actions which can translate the rhetoric into meaningful changes in the daily lives of the hundreds of millions of the world's hungry.**



New Approach to Designing Projects

An Interview with
Donald S. Brown,
Vice-President of IFAD

From IFAD UPDATE Issue n. 10
November 1993

Q. President Al-Sultan has been putting the emphasis on rationalization of the project cycle. A task force has presented some suggestions for reforms. What does this exercise mean for IFAD?

A. What the President is seeking is not a rationalization of the project cycle simply from the point of view of costs. He feels that with our accumulated experience we ought to be able to aim project development more directly at the concerns of the beneficiaries. The task force is asked to look at our own experience and to come up with recommendations on how we can expedite the planning process and do it in a manner which centres that whole process on the needs of the beneficiaries. I think that if we can all agree on a new, more effective approach to the project cycle, especially if it's going to be shorter and simpler, then the costs should go down. So while saving money is not the purpose, we expect it to be an important by-product. The task force has prepared a first draft of its report and our expectations on both grounds are being confirmed. We will now look forward to more detailed recommendations.

Q. Will rationalization affect how IFAD-initiated projects are shared out? (In 1992, 27.6% of financing went to credit, 11.2% to institutional support, 8.9% to irrigation, and so on.)

A. It may over time, although at this time it's very hard to judge. The President has insisted that we must have an approach to projects which assures that the largest part of the project resources flow as directly as possible to the beneficiaries. Some projects will prove to be more conducive to doing that than others. This could lead to some shift of emphasis between one type of project and another. I presume this will reinforce the

interest in credit projects because credit, when it works, clearly does flow directly to the beneficiaries. But we also know that in certain circumstances it is difficult to organize credit projects, especially for subsistence farmers, in a way which can meet their real needs.

Q. Will the new approach also affect the role of cooperating agencies (World Bank, UNDP, regional development banks) in the execution and supervision of projects?

A. Yes. It is going to affect our relationship in two ways: first, in the short run, we will be exploring with the cooperating institutions new approaches to how they supervise our projects: the degree to which, for example, they can use more local consultants rather than calling on regional and headquarters offices. Over the longer term, the next phase of work of the task force will be to look at the prospects for IFAD taking on responsibility for supervision of some of its own projects. We've talked about that for some time, and I would expect that during 1994 we'll be making recommendations to the Executive Board on this subject.

Q. The Fund envisages an overall lending level of US\$ 300-310 million for 1994, with a projected 20 loans, almost the same level as in 1992. Is this level sufficient to maintain IFAD's credibility as a lending institution, as its target groups - the poorest of the poor - are expanding in the developing world? Several states from the former USSR have joined (or are joining) the Fund, including Albania. Is IFAD going to extend its activities to these countries?

A. There is obviously an interest among a number of the members of the Confederation of Independent States, and other countries in Eastern Europe, in membership in IFAD. We had a couple of new members last year, and there are more who have applied for membership this year. Our only programme activity in any of those countries so far is the project which we are presenting to the Executive Board in December for Albania. But, certainly, those countries are going to be looking for support from IFAD. When we projected our lending levels for the Fourth Replenishment, we did not foresee a requirement for funding there. In the short run, the need to respond to those countries might put some limits on what we can do for our traditional borrowers. In the longer run, we hope our donors will provide additional resources to meet the needs of more countries.

Q. What has been the result of the talks in October 23rd-24th in Rome on the Fourth Replenishment of IFAD's Resources?

A. We did recently have a meeting which we hoped would lead to major forward movement on the Fourth Replenishment. Unfortunately it did not. Almost every country participating in the consultation expressed its strong support for IFAD. It did appear at a certain point that there was room for reaching some overall understanding. But that did not prove to be the case in the end. And we have to relook at the whole question of how we go about assuring ourselves of adequate resources at the present time. We have a temporary problem of resources. I'm not the least bit discouraged by that. I feel confident that we will find an arrangement which will actually strengthen us over the longer term.

Q. The burden-sharing of contributions to IFAD resources has changed since its initial phase where it was about 60% OECD/40% OPEC. In the Third Replenishment OPEC contributed a smaller share, while developing countries apparently contribute more. Is a continued increase of developing countries' contributions a solution?

A. Members now realize that, given the changed circumstances which have faced the OPEC countries since IFAD was established, it is time to look at some of the structural issues and the relationships of the structure of the institution to the ability of the various groups to make contributions to IFAD. I expect that to be a major subject of consideration during 1994. I also hope it will lead to new understandings which will make it much easier to raise resources under the replenishment process rapidly and in a manner that will bring forth larger resources. I would hope that governments, in considering their contributions under whatever new structure exists in a year's time, would take into account the needs of these new members of IFAD as well as our traditional borrowers. I would hope that while there might be some tightness of resources in the short run, that will not be the case in the longer term.



Q. *Could we have an idea of what might emerge in the future?*

A. It's premature to do so. So far what we have done is identify a number of issues which we think the member governments ought to be thinking about, ought to be talking about, ought to be analyzing. Given the changing capabilities of members to make contributions, especially the difficult financial situation that faces many of the OPEC countries, one thing to look at obviously is what are the burden sharing arrangements between the various members and what effect that should have on voting power, for example. That's the kind of issue. At this stage we are not offering possible answers; we're only raising the questions as to what needs to be dealt with. We look to some form of a group to be established by the Governing Council to review those issues in depth.

Q. *Can the Fund be self-sufficient?*

A. Technically the Fund can be self-sufficient, but at a very low level. The President has said there's a certain part of our programme which we ought to consider our core programme which should be met by internally generated resources. Obviously that core programme is restricted in size. If we are to devote the resources that we should to rural poverty, the replenishment process will always be needed to augment those core resources. Of course there is also a political involvement in the replenishment process. It's a way, if you will, of reminding members that they have a responsibility to the institution, there's no question about it.

Q. *Loan arrears to IFAD are in the order of \$25 million. Of this amount, the African share has recently increased, while the Latin American share has decreased. How could you reach agreements with some Central American countries for rescheduling their debts to IFAD? Could the same be done in the case of African countries with arrears to the Fund?*

A. The loan arrears problems of IFAD are not very great. We have a total of some \$25 million dollars. While that's gone up and down slightly, it has pretty much been the same over the past three or four years. A good part of those arrears come from countries that are not in a position to do anything, like Liberia or Somalia, where there really is no functioning government. Haiti is another case.

Now we have been able to resolve the arrears with a number of countries, particularly in Latin America, because these governments have taken certain economic actions which satisfied the donor community, and that donor community has come together with packages of resources to help overcome the arrears of several lending agencies. We have been involved in these packages in Panama, Honduras, and Nicaragua. We think we have understandings with the donor community with respect to Haiti if the political situation there can eventually be resolved. In the case of Africa, we have already worked out an arrangement to settle the arrears of Sierra Leone. Hopefully when there is some resolution of the Liberian and Somali situations, more donors will come forward with funding packages to permit institutions to reinstitute their programmes. But let us be clear, we are not in a position to reschedule or forgive debts, which are sovereign responsibilities - we can only help governments meet those responsibilities.

Q. *To what extent can cofinancing with other development organisations - such as OPEC - help to finance IFAD-initiated projects?*

A. It is our deep interest to obtain cofinancing for as many of our projects as possible for two reasons. One is to increase the flow of resources which go to our type of projects. And secondly, to involve other institutions, bilateral and multilateral, in our projects because it's helpful to them to see their impact on the rural poor. We would hope these cofinanciers will adjust some of their own policies and direct more of their resource allocations, quite apart from the cofinancing with us, to financing IFAD approaches to poverty alleviation.

Q. *With the World Bank?*

A. Yes, we do cofinance with the traditional large financiers, the World Bank, the regional development banks, some of the subregional banks, but also with other donors - the Arab Fund, the OPEC Fund, the Islamic Development Bank and the like. I think that we are far more successful in developing cofinancing relationships with those institutions than are other major financial institutions.

Q. *IFAD was a follow-up of the World Food Conference in 1974, along with the World Food Council. The UN General Assembly has put an end to the WFC's mission. Could IFAD be exposed to an initiative of this sort? Could it be incorporated into FAO or the World Bank? Or does IFAD have its independence and strength?*

A. While it's true that both WFC and IFAD were born out of the World Food Conference in 1974, our missions were obviously very different. The World Food Council was intended to open up political recognition and understanding of the importance of agriculture. I think it has played a useful role in doing that. Of course other institutions, like ours and the World Bank, have also played an important role in getting governments to give greater priority to agriculture. But now there is the Department of Sustainable Development in the United Nations, and it appears logical that the work of the World Food Council should be integrated into that as the logical place. This will have no impact on IFAD. IFAD is a continuing organisation, and the fact that we were born from the same source does not mean we will end in the same way.

Q. *You are representing IFAD at some JCGP (the Joint Consultative Group on Policy) meetings where there is discussion of reform of the UN system in the field of development. What place could IFAD have?*

A. Most of the concerns in shaping the new "system" have to do with the United Nations and the direct United Nations agencies, that is UNDP, UNFPA, and UNICEF. The reforms don't deal so directly with the specialized agencies such as IFAD, FAO and the like. We have a number of operating relationships with UNDP, UNICEF, and the others, so we're obviously interested in how this is all going to come out. Where it does have an effect on us is in the manner in which the General Assembly of the United Nations is also looking for closer collaboration and harmonization between UN organisations. They have pointed particularly to the JCGP, to take a lead in bringing this about. IFAD is a member of the JCGP. There are the three agencies which I mentioned before, plus the World Food Programme and ourselves. In that group we play a very active role in trying to enlarge and strengthen the way we can work together, most particularly at the field level. We are seeing increasing recognition of field coordination, with emphasis on how we can reinforce each other's impact on the problems of poverty. I think we played an invigorating role in the JCGP when we were chair agency three years ago. We will be the chair agency of the JCGP again in 1995, and I look forward to IFAD playing a reinvigorating role at that time.



**The Special Programme
for Sub-Saharan
African Countries
Affected by Drought
and Desertification**

December 1993

II. CEPTION

As the first international financial institution to respond to the socio-economic crisis in sub-Saharan Africa, in the wake of the disastrous droughts and famines of 1983-85, IFAD launched the Special Programme (SPA) in January 1986, with a target for resource mobilization of USD 300 million. This target was outrun by contributions reaching USD 322.8 million from five developing countries, 19 industrialized countries, and the European Community.

IMPLEMENTATION

By the end of 1992, almost all of these resources had been committed in support of 32 projects in 22 countries in East, West, and Southern Africa. Indeed 33 highly concessional loans of USD 281.6 million were approved by the Executive Board to finance these projects. In addition, 59 grants of USD 19.2 million were provided to SPA recipients for the purposes of project preparation, training, special operations facility, etc. When the commitments of cofinanciers and beneficiary countries are included, the total value for all SPA projects reaches approximately USD 566 million. Those include over USD 123 million mobilized by IFAD from 15 multilateral, bilateral, and Non-Governmental Organisations (NGOs).

The Fund has actively sought the participation of NGOs in project implementation and 72 per cent of all SPA projects now include concrete arrangements with one of the 20 NGOs from Africa, Europe and North America with which IFAD collaborates. In anticipation of the effectiveness of the second phase of the Special Programme (SPA II), nine new projects were under preparation for 1993.

PROGRAMME CONCEPT

The programme focuses on specific countries, (drought-affected and desertification-prone) and, within those countries, the poorest regions and the most vulnerable population groups - the small-holder farmer, the landless, rural women and youth, artisanal fishermen, pastoralists, nomads, and hunter-gatherers.

Thus, SPA projects aim at the most critical sectors requiring the highest priority in resource allocation, involving (i) rehabilitation and recovery in the smallholder farm sector; (ii) development of traditional staple food crops; (iii) small-scale water control and soil conservation schemes; (iv) agroforestry and environmental rehabilitation; and (v) institutional support and policy reorientation.

**INNOVATIVE FEATURES OF
SPA PROJECTS**

Environmental Rehabilitation:

Low cost measures implemented, maintained and managed by farmers and pastoralists themselves, for environmental conservation and rehabilitation in drought-prone regions have been promoted. Mobilization of existing local techniques and material has been the primary basis for implementing soil and water conservation measures.

Food Security:

Enhancing community and household food security has constituted one of the major thrusts of the Special Programme. This objective has been sought through measures to increase the productivity of traditional crops under rainfed conditions and to promote farming systems more resilient to environmental stress. The development of small-scale water management schemes constitutes, therefore, part of SPA activities.

Rural Women:

Each project has provided specific measures to help rural women who are especially targeted as beneficiaries to raise the productivity of traditional crops and to increase their personal income.

A Participatory Approach:

Primary cooperatives, traditional informal credit groups, village associations and herder organizations, have been the key element to ensure sustainability in the post-project period.



Special Vulnerable Groups:

Where needed, the SPA has provided for the socio-economic reintegration of refugees, returnees and other destitute groups, who have lost their assets as a result of drought or civil strife.

Linking the Poor to**Economic Recovery Programmes:**

A number of projects have included sectoral initiatives to ensure that the smallholder and the rural farmer can benefit from the new opportunities created by economic recovery programmes, thus reducing their vulnerability to the possible adverse effects of structural adjustment.

**LIGHTS ON
IMPLEMENTATION PROGRESS**

Assisting the rural poor in reversing the spiral of environmental degradation and overcoming its impact on all economic and social aspects of their lives efficiently, cost-effectively and, above all, on a sustainable basis is the principal objective of SPA projects. To meet such an objective under the extremely difficult conditions posed by the regularity of drought, progressive desertification, weak national institutional capabilities, lack of financial resources and appropriate technologies, the project designs have been characterized by flexibility and long term commitment to allow for experience to reorient activities. This proved essential in addressing the most urgent needs of the beneficiaries, as evident in the following examples:

Mali:**Development Project
in the Lacustre Zone**

This project has faced extremely difficult circumstances linked not only to recurring droughts but also to a very serious security situation, particularly in 1991. Yet remarkable achievements were made with the completion of irrigation structures and perimeters and delivery of small mobile water pumps, mainly for women's groups, to help over 33 000 poor increase their farm production incomes and living standards. Short term credit helped the beneficiaries acquire production inputs such as fertilizers, pesticides, animal-drawn ploughs, paddy dehullers, donkey carts, harvest transport, etc. Mobilization of village groups, literacy courses, and training for health workers and pump operators have contributed to creating better economic opportunities and reducing emigration to already saturated urban areas and abroad.

Mauritania:**Agricultural
Rehabilitation Programme**

The M'Pouri area has been facing continuing loss of oasis farmland and pasture. On-farm incomes could no longer provide for more than six months a year of the smallholders' basic food needs. For the landless and nomads escaping from the encroaching sand dunes, the situation was even more dramatic. Development of water wells, sand dune fixation efforts, through the use of artificial barriers, pest control (including against the white scale fungus which inflicted much damage on the oasis palm tree population) and training of farmers have been implemented under the project. Five years after the project's start in December 1986 the area's farmland was rehabilitated and restored to full agricultural production to the benefit of 22 000 farmers and their families including some nomadic settlers. The resulting increases in dates, fodder and cereal production have enabled the beneficiaries to satisfy their consumption needs and improve their incomes as demonstrated by the high rate of credit repayments, which reached 90% even in some remote areas.

Uganda:**Southwest Region
Agricultural Rehabilitation Project**

Faced with land erosion threats and environmental degradation under extremely high demographic pressures and intensive cultivation, particularly on steep slopes, the region has benefited significantly from the project's completed works. The reopening and rehabilitation of feeder roads (the project covers 2 000 km of such roads), has triggered remarkable farm-gate price increases and subsequently a positive response by the beneficiaries both in terms of agricultural produce mix and marketable surplus. While agricultural inputs have become more available, a significant network of retailers on the local market has been consolidated to serve the needs of rural producers. The adoptive research activities conducted in for stations have assisted in the introduction of improved varieties of food crops such as sorghum, soybeans, groundnuts, maize, etc., and the control of some diseases. Over 28 000 farm families (196 000 people) are benefiting from the research and extension components of the project while 270 000 farm families (1.9 million people) are benefiting from the input supply programme. Net cash farm incomes are expected to have increased by approximately USD 117, or 74%.



Burkina Faso: Special Programme of Soil and Water Conservation

Helping the rural populations of the central Plateau region to optimize the use of their meager and dwindling natural resource base has been a continuing challenge for both the government and the local inhabitants who had developed their own survival strategies since the early 1960s, but failed to halt the progressive deterioration of their environment and living conditions. The project supported some 134 000 beneficiaries in embarking upon strong and dynamic anti-erosion activities in 12 territorial departments. Soil and water conservation measures included contour bunding, gully stabilization and other small water control schemes, and erosion control works. The impact of these activities will according to the current estimates increase cereal yields by 30% in low rainfall years, by 20% in average years and 10% in good years. Planting forage species such as Nere, Karite and Acacia Albida along the earth bunds to prevent erosion and nutrient leaching provides additional resource for improved livestock and fruit production. The farmers' adoption of agroforestry techniques such as "demi-lunes" plantation and under-tree cropping on well protected village reforestation sites proved fruitful.*

* Soil and Water Conservation film available from IFAD film library.

THE SECOND PHASE OF THE SPECIAL PROGRAMME (SPA-II)

Thanks to the resources of the Special Programme, IFAD was able to increase the level of assistance to sub-Saharan Africa to 50 percent of its total annual lending during the 1986-90 period, as compared to an average of 33 percent during the first half of the decade. At the same time, an equitable allocation of regular resources to the debt-distressed countries of Latin America, and to the countries of Asia - where the majority of the rural poor live - was also maintained.

The resources of the First Phase for the Special Programme are now exhausted. Without fresh resources the SPA would have come to an end and IFAD's lending to the region would have triggered a decline although the socio-economic problems it sought to address are continuing unabated. Such a drop in IFAD's assistance would have been unfortunate. The Least Developed Countries, which are heavily concentrated in Africa, suffer most from food shortages, natural calamities and the impact of war and, within these countries, the poor are the worst hit.

OBJECTIVE OF THE SPA-II

The second phase of SPA preserves the focus of the first phase, while extending its conceptual frame and operational scope. Specifically, it carries environmental and soil conservation objectives from on-farm to off-farm (particularly in the common property resource domain); and it addresses overall coping strategies of households and communities through economic diversification. Finally it seeks to be sensitive to the total complex of factors contributing to drought vulnerability (including infrastructure and institutional development), and to provide a systematic programming response involving concrete targets in priority areas. The objectives of SPA-II are particularly relevant in the light of increasing concerns that a bridge be made between emergency drought relief and long-term development, as well as in relation to the development of the form and substance of an International Convention on Drought and Desertification.

ENVIRONMENTAL PRESERVATION

The current focus of the Special Programme projects has shown that environmental preservation and rehabilitation are crucial for improving agricultural productivity by the smallholder. The approach under SPA-II will be two-pronged:

On-farm Conservation:

The present focus on farmers' fields will be continued and expanded. Thus, the experiences gained in soil and water conservation, water-harvesting, on-farm agroforestry and micro-catchment techniques, integration of livestock for a farming-systems' approach and soil fertility maintenance will form the basis of project interventions under SPA-II. Traditional low-cost systems of soil and water conservation existing in many parts of Africa will be used as a basis for local development of sustainable and replicable technologies.

Off-farm Conservation:

The current programme on farmers' fields will also be extended to include off-farm lands. Support will be provided for participatory measures for the management of village resources and the development of communal grazing lands - which provide animal nutrition, fuelwood and manure. In particular, the control of grazing will have a significant impact on off-farm conservation. Support will be provided to community efforts for planning and utilization of their commons. The experience with a participatory approach to "village land use management" in West Africa is being keenly observed by IFAD and the lessons learned will be built upon. Pilot projects will be financed to demonstrate the environmental benefits of integrated pest management. At the same time, governments will be encouraged to collaborate with local communities in identifying watersheds with potential value and projects for stabilizing and maintaining them will be prepared.



The Council also took note of an appeal by the African Group "that every effort should be made to reach a target of USD 300 million for the Second Phase of the Special Programme".

Resource Mobilization for SPA-II

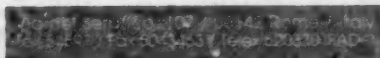
Initiatives for small enterprises will enhance environmental support measures, and there will be a synergetic effect between environmental rehabilitation and rural employment creation.

With contributions of cash or instruments of deposit by Kuwait, The Netherlands, Italy, France, Sweden, Nigeria, and Greece, the conditions of effectiveness of the second phase have been satisfied, and the 16th Session of the Governing Council was so informed. Belgium and the United States also pledged substantial contributions to SPA II, bringing the total value of received pledges to USD 95 million.

SPA-II Programme of Work

Responding to both the severity of the drought situation in southern Africa, and strong African appreciation of SPA operations, IFAD pursued a substantial programme of work for the SPA-II in 1993, involving new loan commitments of USD 60.3 million for seven projects and USD 2.68 for 13 Technical Assistance Grants. The projected level of commitments in 1994-95 is USD 122 million, with the possibility of further increase according to the status of preparations for a project in Somalia.

In the context of the full commitment of SPA-1 resources, the ongoing nature of the problems which the SPA was designed to address, and the perceived need to enhance assistance to sub-Saharan Africa, IFAD was authorized, by its Governing Council (GC/13/Resolution 60), to seek to mobilize funds to finance a second phase of the SPA. At its 14th Session in Rome in May 1991, the Governing Council of IFAD adopted a resolution approving the continuation of the Special Programme into a second and terminal phase.



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